



4004

ANNUAL REPORT

OF

Name: HAGER TELECOM, INC.

Principal Office: W8108 165TH AVE
P.O. BOX 125
HAGER CITY, WI 54014-0125

For the Year Ended: DECEMBER 31, 1998

**TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN**P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

SIGNATURE PAGE

I MICHAEL J. WALSH of
(Person responsible for accounts)

HAGER TELECOM, INC. , certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

MICHAEL J. WALSH 04/30/1999
(Person responsible for accounts) (Date)

GENERAL MANAGER
(Title)

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
CO	.....	Central Office
Depr	.....	Depreciation
Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
FOY	.....	First of Year
Info	.....	Information
ITC	.....	Investment Tax Credit
Misc	.....	Miscellaneous
Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
Prop	.....	Property
Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
Svcs	.....	Services
Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: HAGER TELECOM, INC.
Utility Location: W8108 165TH AVE
P.O. BOX 125
HAGER CITY, WI 54014-0125

Utility Web Site Address:

When was utility organized?: 05/12/1913

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR MICHAEL J. WALSH
Title: GENERAL MANAGER

Office Address: W8108 165TH AVENUE
HAGER CITY, WI 54014

Fax Number: (715) 792 - 2103
Telephone Number: (715) 792 - 5385
Email Address: HAGERTEL@HAGER.NET

Individual or firm, if other than utility employee, preparing this report

Name: MR JEFFREY L. HANSON, CPA
Title: DIRECTOR
Firm: OLSEN THIELEN & CO., LTD.
Office Address: 223 LITTLE CANADA ROAD
ST. PAUL, MN 55117

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Person responsible for financial information contained in report

Name: MR MICHAEL J. WALSH
Title: GENERAL MANAGER

Office Address: W8108 165TH AVENUE
HAGER CITY, WI 54014

Fax Number: (715) 792 - 2103
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Person responsible for statistical information contained in report

Name: MR MICHAEL J. WALSH
Title: GENERAL MANAGER

Office Address: W8108 165TH AVENUE
HAGER CITY, WI 54014

Fax Number: (715) 792 - 2103
Telephone Number: (715) 792 - 5385
Email Address: HAGERTEL@HAGER.NET

IDENTIFICATION AND OWNERSHIP

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name:	CANNON COMMUNICATIONS
Form of Interest:	100% OWNED SUBSIDIARY
Extent Of Interest:	100% OWNED SUBSIDIARY

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,398,140	1,314,957	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	233,221	280,046	2
Plant Nonspecific Operations Expense	338,307	308,767	3
Customer Operations Expense (6610-6620)	122,736	130,151	4
Corporate Operations Expense (6710-6790)	348,906	288,868	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	139,622	137,281	7
Total Operating Expenses	1,182,792	1,145,113	8
Net Operating Income	215,348	169,844	9
Other Income			
Nonoperating Income and Expense (7300)	256,171	195,229	10
Nonoperating Taxes (7400)	75,569	59,982	11
Interest and Related Items (7500)	150,270	106,355	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	1,741	767	14
Total Nonoperating Income	32,073	29,659	15
Net Income	247,421	199,503	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

 2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

 3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	546,969	411,478	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	546,969	411,478	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	8,287	13,591	6
Accounts Receivable Allowance-Telecom (1181)*	0		7
Net: Telecommunications Accounts Receivable	8,287	13,591	
Other Accounts Receivable (1190)*	782,879	315,879	8
Accounts Receivable Allowance--Other (1191)*	0		9
Net: Other Accounts Receivable	782,879	315,879	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	0		12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	791,166	329,470	
SUPPLIES			
Inventories (1220)*	0	4,173	13
TOTAL SUPPLIES	0	4,173	
PREPAYMENTS			
Total Prepayments (1280)*	142	28	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	142	28	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	0		20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	1,338,277	745,149	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	270,848	208,187	21
Investments in Nonaffiliated Companies (1402)*	292,094	268,343	22
Nonregulated Investments (1406)*	0	0	23
Unamortized Debt Issuance Expense (1407)*			24
Sinking Funds (1408)*	0	0	25

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*			26
TOTAL INVESTMENTS	562,942	476,530	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	0	49,946	29
TOTAL DEFERRED CHARGES	0	49,946	
TOTAL NONCURRENT ASSETS	562,942	526,476	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	5,444,998	4,131,730	30
Less: Accumulated Depreciation (3100)*	2,468,068	2,184,542	31
Less: Accumulated Amortization--Capitalized Leases (3410)*	0		32
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0		33
Less: Accumulated Amortization--Intangible (3500)*			34
NET TELECOMMUNICATIONS PLANT IN SERVICE	2,976,930	1,947,188	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*			35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*			36
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*			37
Less: Accumulated Depreciation--Nonoperating (3300)*			38
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	553,710	819,392	39
TOTAL TPUC	553,710	819,392	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*			40
Less: Accumulated Amortization--Other (3600)*			41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	3,530,640	2,766,580	
TOTAL ASSETS AND OTHER DEBITS*	5,431,859	4,038,205	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	34,694	121,112	1
Notes Payable (4020)*	100,000	0	2
Advance Billing and Payments (4030)*			3
Customer Deposits (4040)*	1,347	1,548	4
Current Maturities--Long-Term Debt (4050)*	153,900	104,300	5
Current Maturities--Capital Leases (4060)*	0		6
Income Taxes--Accrued (4070)*	38,725	44,436	7
Other Taxes--Accrued (4080)*	0		8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0		10
Other Accrued Liabilities (4120)*	15,278	13,447	11
Other Current Liabilities (4130)*	0		12
TOTAL CURRENT LIABILITIES*	343,944	284,843	
LONG-TERM DEBT			
Funded Debt (4210)*	3,477,947	2,544,027	13
Premium on Long-Term Debt (4220)*	0		14
Discount on Long-Term Debt (4230)*	0		15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0		17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	173,987	0	19
TOTAL LONG-TERM DEBT*	3,651,934	2,544,027	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	0		20
Unamortized Operating ITC--Net (4320)*	0		21
Unamortized Nonoperating ITC--Net (4330)*	0		22
Net Noncurrent Deferred Operating Income Taxes (4340)*	224,007	233,232	23
Net Deferred Tax Liability Adjustments (4341)*	0	0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0		25
Other Deferred Credits (4360)*	0		26
Deferred Tax Regulatory Liability (4361)*	0	0	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	224,007	233,232	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	6,600	6,600	28
Additional Paid-in Capital (4520)*	3,673	3,673	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0		31
Retained Earnings (4550)*	1,201,701	965,830	32
TOTAL STOCKHOLDERS' EQUITY*	1,211,974	976,103	
TOTAL LIABILITIES AND OTHER CREDITS*	5,431,859	4,038,205	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	247,421	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	306,564	2
Interest during construction	0	3
Changes in assets and liabilities:		
Current assets (net)	(457,637)	4
Other noncurrent assets	49,946	5
Other current liabilities	(90,499)	6
Other liabilities and deferred credits	(9,225)	7
Other (specify):		
TOTAL ADJUSTMENTS	(200,851)	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	46,570	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(1,070,624)	8
Investments in affiliated companies	(62,661)	9
Nonoperating Investments	(23,751)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(1,157,036)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	1,157,507	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	100,000	14
Dividends paid	(11,550)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	1,245,957	
NET INCREASE IN CASH AND CASH EQUIVALENTS	135,491	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

IMPORTANT CHANGES DURING THE YEAR

1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

NONE

2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

NONE

3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.

NONE

4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.

NONE

5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

NONE

6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.

NONE

7. Changes in articles of incorporation or amendments to charter.

NONE

8. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

NONE

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
Cannon Communications Corporation	CANNON	1
Other	OTH	2

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing and categorize billings according to the account categories shown below.

Particulars	(a)	(b)	(c)	(d)	(e)	
Docket		2420-AT-100				
Name of Affiliate		CANNON				1
Designate whether billed to or from:		TO				2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)		C				3
Revenues						4
Expenses:						
Plant Specific Operations Expense						5
Plant Nonspecific Operations Expense						6
Customer Operations Expense						7
Corporate Operations Expense		38,702				8
Total Operating Expenses		38,702	0	0	0	9
Other:						
Plant Accounts						10
Accumulated Depreciation						11
Accumulated Amortization						12
Clearing						13
All Other		440,000				14
Total		478,702	0	0	0	15
Percent of affiliate's business billed to all affiliated regulated utilities						16
If cost based, rate of return on equity or markup incorporated in billings						17
Footnotes						

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
Cannon Communications Corporation	1190	710,309	1
Cannon Communications Corporation	1401	270,848	2

ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

This schedule should be used to report accounts receivable net write off activity.

Particulars (a)	Amount (b)	
Collection of amounts previously written off		1
Uncollectibles written off during the year		2
Net write offs during the year	0	

NOTES RECEIVABLE (ACCT. 1200) AND ALLOWANCES (ACCT. 1201)

For affiliates, list by issue or note by affiliate. Other, list by issue or note by entity. Separately identify economic development loans and associated particulars.

Name of Maker and purpose (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Amount EOY (e)	Allowance Acct. 1201 (f)
--	-------------------------------	-------------------------	----------------------------------	-------------------------------	---

NONE

Total				<u><u>0</u></u>	<u><u>0</u></u>	1
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INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	26,500	1
Other:		
WITS STOCK	18,000	2
INVESTMENT IN CELLULAR	247,594	3
Total Investments in Nonaffiliated Companies	292,094	

NONREGULATED INVESTMENTS (ACCT. 1406)

Report below the name and end-of-year balance of total net investment and inventory (accts. 1406.10, 1406.11 and 1406.12) for each nonregulated activity. Telephone utilities not subject to dual jurisdiction should report materials and supplies held for resale in account 1406.

Name (a)	Balance EOY (b)
Total Net Investment and Inventory (Accts. 1406.10, 1406.11, and 1406.12):	

NONE

1

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

List items individually by Commission approval noting the date of approval.

Description of Item (a)	Balance EOY (b)
NONE	
Total	0

1

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	24,354		1
Motor Vehicles	2112	90,226	26,100	2 1
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	2,080		5
Other Work Equipment	2116	65,150		6
Buildings	2121	505,752		7
Furniture	2122	32,417		8
Office Equipment	2123	46,195	3,031	9
General Purpose Computers	2124	293,119	3,070	10
TOTAL--GENERAL SUPPORT ASSETS:		1,059,293	32,201	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	772,354	0	12 1
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	62,000	0	15
Circuit Equipment	2232	322,103	0	16
TOTAL--CENTRAL OFFICE ASSETS:		1,156,457	0	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	0		20
Other Terminal Equipment	2362	0		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		0	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	0		22
Aerial Cable	2421	0	0	23
Underground Cable	2422	0	0	24
Buried Cable	2423	1,915,980	1,322,228	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	0		29
Conduit Systems	2441	0		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		1,915,980	1,322,228	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			24,354	1
2112	22,866	(10)	93,450	2 1
2113			0	3
2114			0	4
2115	2,080		0	5
2116			65,150	6
2121			505,752	7
2122			32,417	8
2123	3,547	0	45,679	9
2124	2,398		293,791	10
	30,891	(10)	1,060,593	
2211			0	11
2212	0	(2,452)	769,902	12 1
2215	0	0	0	13
2220			0	14
2231	0	0	62,000	15
2232	7,808	0	314,295	16
	7,808	(2,452)	1,146,197	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411			0	22
2421	0	0	0	23
2422	0	0	0	24
2423	0	0	3,238,208	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			0	30
	0	0	3,238,208	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	4,131,730	1,354,429
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	38,699	(2,462)	5,444,998	
2001			0	34
			5,444,998	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	19,418	3,031	1
Company Communications Equipment	2123.2	26,777		2
Software	2212.1	772,354		3 1
Digital Switching - Central Office	2212.2	0		4
Digital Switching - Remote	2212.3	0		5
Step by Step Switching	2215.1	0		6
Crossbar Switching	2215.2	0		7
Satellite and Earth Station Facilities	2231.1	62,000		8
Other Radio Facilities	2231.2	0		9
Digital Circuit Equipment	2232.1	85,541		10
Analog Circuit Equipment	2232.2	236,562		11
Light Wave Circuit Equipment	2232.3	0		12
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	0		14
Underground Cable - Nonmetallic	2422.1	0		15
Underground Cable - Metallic	2422.2	0		16
Buried Cable - Nonmetallic	2423.1	1,915,980	1,322,228	17
Buried Cable - Metallic	2423.2	0		18
Submarine Cable - Nonmetallic	2424.1	0		19
Submarine Cable - Metallic	2424.2	0		20
Intrabuilding Cable - Nonmetallic	2426.1	0		21
Intrabuilding Cable - Metallic	2426.2	0		22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS) **(cont.)**

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1			22,449	1
2123.2	3,547		23,230	2
2212.1		(2,452)	769,902	3 1
2212.2			0	4
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			62,000	8
2231.2			0	9
2232.1	7,808		77,733	10
2232.2			236,562	11
2232.3			0	12
2421.1			0	13
2421.2			0	14
2422.1			0	15
2422.2			0	16
2423.1			3,238,208	17
2423.2			0	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
GENERAL SUPPORT ASSETS						
Motor Vehicles	2112	49,952	20.0	18,368	0	1
Aircraft	2113	0	.0	0	0	2
Special Purpose Vehicles	2114	0	.0	0	0	3
Garage Work Equipment	2115	2,080	8.0	0	0	4
Other Work Equipment	2116	49,874	10.0	6,514	0	5
Buildings	2121	205,257	3.0	14,549	0	6
Furniture	2122	25,179	10.0	3,242	0	7
Office Equipment	2123	28,932	.0	9,186	0	8
General Purpose Computers	2124	203,636	20.0	58,691	0	9
Total-- GENERAL SUPPORT ASSETS		564,910		110,550	0	
CENTRAL OFFICE ASSETS						
Analog Electronic Switching	2211	0	.0	0	0	10
Digital Electronic Switching	2212	531,034	.0	60,738	0	11
Electro-Mechanical Switching	2215	0	.0	0	0	12
Operator Systems	2220	0	.0	0	0	13
Radio Systems	2231	45,189	.0	4,960	0	14
Circuit Equipment	2232	222,433	.0	23,657	0	15
Total-- CENTRAL OFFICE ASSETS		798,656		89,355	0	
INFORMATION ORIG/TERM ASSETS						
Station Apparatus	2311	0	.0	0	0	16
Customer Premises Wiring	2321	0	.0	0	0	17
Large Private Branch Exchanges	2341	0	.0	0	0	18
Public Telephone Terminal Equipment	2351	0	.0	0	0	19
Other Terminal Equipment	2362	0	.0	0	0	20
Total-- INFORMATION ORIG/TERM ASSETS		0		0	0	
CABLE WIRE FACILITIES ASSETS						
Poles	2411	0	.0	0	0	21
Aerial Cable	2421	0	.0	0	0	22
Underground Cable	2422	0	.0	0	0	23
Buried Cable	2423	820,976	4.0	106,659	0	24
Submarine Cable	2424	0	.0	0	0	25
Deep Sea Cable	2425	0	.0	0	0	26
Intrabuilding Network Cable	2426	0	.0	0	0	27
Aerial Wire	2431	0	.0	0	0	28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	0	.0	0	0 29
Total-- CABLE WIRE FACILITIES ASSETS		820,976		106,659	0
Total Accumulated Depreciation	3100	2,184,542		306,564	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				30
Net Regulated Total Accum Depreciation - 3100					
Columns e, f and I					

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	22,866	0	11,000	0	56,454	1
2113		0	0	0	0	2
2114		0	0	0	0	3
2115	2,080	0	0	0	0	4
2116		0	0	0	56,388	5
2121		0	0	0	219,806	6
2122		0	0	0	28,421	7
2123	3,547	0	0	0	34,571	8
2124	2,398	0	0	0	259,929	9
	30,891	0	11,000	0	655,569	
2211		0	0	0	0	10
2212	0	0	0	4,661	596,433	11
2215	0	0	0	0	0	12
2220		0	0	0	0	13
2231	0	0	0	0	50,149	14
2232	7,808	0	0	0	238,282	15
	7,808	0	0	4,661	884,864	
2311		0	0	0	0	16
2321		0	0	0	0	17
2341		0	0	0	0	18
2351		0	0	0	0	19
2362		0	0	0	0	20
	0	0	0	0	0	
2411		0	0	0	0	21
2421	0	0	0	0	0	22
2422	0	0	0	0	0	23
2423	0	0	0	0	927,635	24
2424	0	0	0	0	0	25
2425		0	0	0	0	26
2426	0	0	0	0	0	27
2431		0	0	0	0	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441		0	0	0	0	29
	0	0	0	0	927,635	
3100	38,699	0	11,000	4,661	2,468,068	
3100						30
3100						

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
Office Support Equipment	2123.1	11,956	20.0	4,186	0	1
Company Communications Equipment	2123.2	16,976	20.0	5,000	0	2
Software	2212.1	531,034	8.0	60,738	0	3
Digital Switching - Central Office	2212.2	0	.0	0	0	4
Digital Switching - Remote	2212.3	0	.0	0	0	5
Step by Step Switching	2215.1	0	.0	0	0	6
Crossbar Switching	2215.2	0	.0	0	0	7
Satellite and Earth Station Facilities	2231.1	45,189	8.0	4,960	0	8
Other Radio Facilities	2231.2	0	.0	0	0	9
Digital Circuit Equipment	2232.1	85,541	14.0	0	0	10
Analog Circuit Equipment	2232.2	136,892	10.0	23,657	0	11
Light Wave Circuit Equipment	2232.3	0	.0	0	0	12
Aerial Cable - Nonmetallic	2421.1	0	.0	0	0	13
Aerial Cable - Metallic	2421.2	0	.0	0	0	14
Underground Cable - Nonmetallic	2422.1	0	.0	0	0	15
Underground Cable - Metallic	2422.2	0	.0	0	0	16
Buried Cable - Nonmetallic	2423.1	820,976	4.0	106,659	0	17
Buried Cable - Metallic	2423.2	0	.0	0	0	18
Submarine Cable - Nonmetallic	2424.1	0	.0	0	0	19
Submarine Cable - Metallic	2424.2	0	.0	0	0	20
Intrabuilding Cable - Nonmetallic	2426.1	0	.0	0	0	21
Intrabuilding Cable - Metallic	2426.2	0	.0	0	0	22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1		0	0	0	16,142	1
2123.2	3,547	0	0	0	18,429	2
2212.1		0	0	4,661	596,433	31
2212.2		0	0	0	0	4
2212.3		0	0	0	0	5
2215.1		0	0	0	0	6
2215.2		0	0	0	0	7
2231.1		0	0	0	50,149	8
2231.2		0	0	0	0	9
2232.1	7,808	0	0	0	77,733	10
2232.2		0	0	0	160,549	11
2232.3		0	0	0	0	12
2421.1		0	0	0	0	13
2421.2		0	0	0	0	14
2422.1		0	0	0	0	15
2422.2		0	0	0	0	16
2423.1		0	0	0	927,635	17
2423.2		0	0	0	0	18
2424.1		0	0	0	0	19
2424.2		0	0	0	0	20
2426.1		0	0	0	0	21
2426.2		0	0	0	0	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts. In addition, column (e) of this schedule should be used to report the flowback of property related excess deferred taxes (e.g., 46 percent versus 34 percent federal tax rates). Credit amounts should be shown in ().

Particulars (a)	Balance FOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	0	2
Deferred Tax Regulatory Asset (1437)	0	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(233,232)	5
Net Deferred Tax Liability Adjustments (4341)	0	6
Deferred Tax Regulatory Liability (4361)	0	7
Net Property Related Deferred Operating Income Taxes	(233,232)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(233,232)	
NONPROPERTY RELATED		
Other Current Assets (1350)	0	9
Other Noncurrent Assets (1410)	0	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	0	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	0	

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) (cont.)

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250				0	1
7250				0	2
				0	3
7250				0	4
7250	9,225			(224,007)	5
				0	6
				0	7
	9,225	0	0	(224,007)	
				0	8
	9,225	0	0	(224,007)	
7250				0	9
7250				0	10
				0	11
7250				0	12
7250				0	13
				0	14
				0	15
	0	0	0	0	

NOTES PAYABLE (ACCT. 4020)

For affiliate, list note by affiliate. For a particular affiliate, the identical affiliate name, as shown in the Affiliate Abbreviations schedule, should be reported in this schedule. For other, list by note by entity.

Name (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Balance EOY (e)	
Other:					
Goodhue County National	11/11/1998	11/11/1999	8.1499	100,000	1
Total Other				100,000	
Total Notes Payable				100,000	

LONG-TERM DEBT

Report data requested and show total for each long-term debt account at end of year. Information concerning the following debt issues may be reported on individual lines in aggregate: REA/RTB 2%, REA/RTB 5%, & REA/RTB 7%. In addition, REA/RTB and FFB debt, respectively, within a range of 200 basis points may also be reported in aggregate on individual lines. If reported in aggregate, a range of dates may be reported in columns (b) and (c) as well as a range of interest rates in column (d) and a composite interest rate in column (e). If aggregation is not utilized, column (e) should contain the same interest rate as reported in column (d). For account 4050 report only the amount of debt anticipated to be repaid in one year or less.

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	
Funded Debt (Account 4210):				
RTB	05/29/1973-07/26/1974	01/01/2008-02/01/2009	4.0000-7.0000	1
RUS	06/11/1964-10/01/1997	01/01/1999-03/24/2021	2.0000-5.0000	2
Total Funded Debt				
Other Long-Term Debt (Acct. 4270):				
Contracts Payable	01/01/1998-12/31/1998	01/01/1999-12/31/1999	.0000-.0000	3
Total Other Long-Term Debt				

LONG-TERM DEBT (cont.)

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
6.0845			269,327	21,698	291,025	1
4.1823			3,208,620	132,202	3,340,822	2
	0	0	3,477,947	153,900	3,631,847	
			173,987	0	173,987	3
	0	0	173,987	0	173,987	

CAPITAL STOCK ACCOUNTS AT END OF YEAR

In column (a) indicate the stated dividend rate applicable to each series of preferred stock.

Class and Series (a)	Shares Authorized by Charter (b)	Par Value per Share (c)	Call Price End of Year (d)
PREFERRED STOCK:			
Capital Stock	300	40.00	1
TOTAL PREFERRED STOCK	300		
TOTAL	300		

CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares	Amount	Shares	Amount	
	(e)	(f)	(g)	(h)	
<hr/>					
PREFERRED STOCK:					
Capital Stock	165	6,600			1
	165	6,600	0	0	
TOTAL	165	6,600	0	0	
	<hr/>	<hr/>	<hr/>	<hr/>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	965,830	766,327	1
Changes:			
Balance Transferred from Income	247,421	199,503	2
Dividends Declared:			
Common	11,550	0	3
Preferred	0	0	4
Total Dividends Declared	11,550	0	
Miscellaneous Debits to Retained Earnings	0	0	5
Miscellaneous Credits to Retained Earnings	0	0	6
Balance--End of Year	1,201,701	965,830	

DISTRIBUTION OF TAXES

1. Report hereunder the summary accounts and functions charged with taxes accrued during the year.
2. Where allocation is necessary, explain the basis used.
3. Report in a footnote the amounts and kind of taxes cleared from prepaid taxes, if any.

Summary Account/ Function Charged (a)	Wisconsin License Fee (b)	Wisconsin Income Tax (c)	Federal Income Tax (d)	
Operating Taxes (Accts. 7210 - 7250)	84,327	14,590	71,088	1
Nonoperating Taxes (Accts. 7410 - 7450)		14,436	61,133	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)				4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
TOTAL	<u>84,327</u>	<u>29,026</u>	<u>132,221</u>	

DISTRIBUTION OF TAXES (cont.)

PSC Remainder Assessment (e)	Local Property Tax (f)	State & Local Taxes Other than Wisconsin (g)	Other Taxes (h)	Payroll Taxes (i)	Total (j)	
2,842			(33,225)		139,622	1
					75,569	2
					0	3
					0	4
					0	5
					0	6
					0	7
					0	8
					0	9
2,842	0	0	(33,225)	0	215,191	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	535,513	520,627	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	535,513	520,627	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	83,064	80,668	11
Switched Access Revenue (5082)*	504,896	483,999	12
Special Access Revenue (5083)*	21,833	20,152	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	609,793	584,819	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0		14
Switched Access Revenue (5084.2)*	165,494	138,740	15
Special Access Revenue (5084.3)*	16,657	12,785	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	182,151	151,525	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	6,982	4,693	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	6,982	4,693	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	0		30
Rent Revenue (5240)*	3,450	3,450	31
Corporate Operations Revenue (5250)*	0		32
Miscellaneous:			
Miscellaneous Revenue (5260)*	12,869	9,662	33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	12,869	9,662	
Interstate Billing and Collection Revenue*	26,504	29,149	39
Intrastate Billing and Collection Revenue*	17,884	17,034	40
Total Carrier Billing and Collection Revenue (5270)*	44,388	46,183	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	60,707	59,295	
GROSS OPERATING REVENUES	1,395,146	1,320,959	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	(2,994)	6,002	42 5
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	(2,994)	6,002	
TOTAL OPERATING REVENUES	1,398,140	1,314,957	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
PLANT SPECIFIC OPERATIONS EXPENSE				
Total Network Support Expense (6110)	602	2,588	382	1
Less: Nonregulated	0	0		2
Net Regulated	602	2,588	382	3
Total General Support Expense (6120)	138,380	78,938	19,998	4
Less: Nonregulated	0	0		5 2
Net Regulated	138,380	78,938	19,998	6
Total Central Office Switching Expense (6210)	32,675	39,451	14,268	7
Less: Nonregulated	0	0		8 3
Net Regulated	32,675	39,451	14,268	9
Total Operator Systems Expense (6220)	0	0		10
Less: Nonregulated	0	0		11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	4,421	1,705	791	13
Less: Nonregulated	0	0		14
Net Regulated	4,421	1,705	791	15
Total Information Orig. / Term. Expense (6310)	623	819	94	16
Less: Nonregulated	0	0		17
Net Regulated	623	819	94	18
Total Cable and Wire Fac. Expense (6410)	103,345	109,720	48,168	19
Less: Nonregulated	0	0		20
Net Regulated	103,345	109,720	48,168	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	280,046	233,221	83,701	
Less: Nonregulated	0	0	0	
Net Regulated	280,046	233,221	83,701	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	5,872	5,383	4,118	22
Less: Nonregulated	0	0		23
Net Regulated	5,872	5,383	4,118	24
Total Network Operations Expense (6530)	25,863	26,360	11,857	25
Less: Nonregulated	0	0		26
Net Regulated	25,863	26,360	11,857	27
Access Expense (6540)	0	0		28
Less: Nonregulated	0	0		29
Net Regulated	0	0	0	30
Total Depreciation and Amortization Expense (6560)	277,032	306,564		31
Less: Nonregulated	0	0		32
Net Regulated	277,032	306,564		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	308,767	338,307	15,975	
Less: Nonregulated	0	0	0	
Net Regulated	308,767	338,307	15,975	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110	118		12,051	(9,963)	1
					2
	118	0	12,051	(9,963)	3
6120	6,065		52,534	341	4
					5 2
	6,065	0	52,534	341	6
6210	4,460		20,723		7
					8 3
	4,460	0	20,723	0	9
6220					10
					11
	0	0	0	0	12
6230	227		687		13
					14
	227	0	687	0	15
6310	28		697		16
					17
	28	0	697	0	18
6410	15,165		42,448	3,939	19
					20
	15,165	0	42,448	3,939	21
	26,063	0	129,140	(5,683)	
	0	0	0	0	
	26,063	0	129,140	(5,683)	
6510	1,264	0	1	0	22
					23
	1,264		1	0	24
6530	3,690		10,813		25
					26
	3,690	0	10,813	0	27
6540					28
					29
	0	0	0	0	30
6560			306,564		31
					32
			306,564		33
	4,954	0	317,378	0	
	0	0	0	0	
	4,954	0	317,378	0	

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	7,264	6,837		34
Less: Nonregulated	0	0		35
Net Regulated	7,264	6,837	0	36
Total Services (6620)	122,887	115,899	46,343	37
Less: Nonregulated	0	0		38
Net Regulated	122,887	115,899	46,343	39
TOTAL CUSTOMER OPERATIONS EXPENSE	130,151	122,736	46,343	
Less: Nonregulated	0	0	0	
Net Regulated	130,151	122,736	46,343	
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	108,594	119,445	67,353	40
Less: Nonregulated	0	0		41
Net Regulated	108,594	119,445	67,353	42
Total General and Administrative (6720)	180,274	229,461	82,473	43
Less: Nonregulated	0	0		44
Net Regulated	180,274	229,461	82,473	45
Provision for Uncollectible Notes Receiv. (6790)	0	0		46
Less: Nonregulated	0	0		47
Net Regulated	0	0		48
TOTAL CORPORATE OPERATIONS EXPENSE	288,868	348,906	149,826	
Less: Nonregulated	0	0	0	
Net Regulated	288,868	348,906	149,826	
TOTAL EXPENSES	1,007,832	1,043,170	295,845	
Less: Nonregulated	0	0	0	
Net Regulated	1,007,832	1,043,170	295,845	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610			6,837		34
	0	0	6,837	0	35
6620	14,636		54,920		36
	14,636		54,920	0	37
	14,636	0	61,757	0	38
	0	0	0	0	39
	14,636	0	61,757	0	
6710	21,100		30,992		40
	21,100		30,992	0	41
6720	25,606		121,382		42
	25,606		121,382	0	43
6790					44
			0		45
	46,706	0	152,374	0	46
	0	0	0	0	47
	46,706	0	152,374	0	48
	92,359	0	660,649	(5,683)	
	0	0	0	0	
	92,359	0	660,649	(5,683)	

EXPENSE MATRIX - CLASS A & B (DETAIL)

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries/ Wages (d)	
Property Held for Future Tele. Use Exp. (6511)	0	0		1
Provisioning Expense (6512)	5,872	5,383	4,118	2
Total: Reported in Account 6510	5,872	5,383	4,118	
Depreciat. Exp.--Tele. Plant in Service (6561)	277,032	306,564		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0		4
Amortization Expense--Tangible (6563)	0	0		5
Amortization Expense--Intangible (6564)	0	0		6
Amortization Expense--Other (6565)	0	0		7
Total: Reported in Account 6560	277,032	306,564		

EXPENSE MATRIX - CLASS A & B (DETAIL) (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511					1
6512	1,264		1		2
	1,264		1	0	
6561			306,564		3
6562					4
6563					5
6564					6
6565					7
			306,564		

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to Department of Justice and telephone relay assessments.

Description (a)	This Year (b)	
Gross Operating Revenues	1,395,147	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	1,395,147	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	535,513	1
Plus: Total Intrastate Access Revenues (5084)	182,151	2
Plus: Total Long Distance Network Services Revenue	6,982	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	724,646	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	1,395,147	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	1,395,147	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	535,513	1
Plus: Total Intrastate Access Revenues (5084)	182,151	2
Plus: Total Long Distance Network Services Revenue	6,982	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	724,646	

OTHER INCOME ACCOUNTS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*	0	0	1
Return from Nonregulated Use of Regulated Facilities (7130)*	0	0	2
Gains and (Losses) from Foreign Exchange (7140)			3
Gains or (Losses) from the Disposition of Land and Artworks (7150)			4
Other Operating Gains and (Losses) (7160)*	0	0	5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	0	0	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	0	0	6
Operating Federal Income Taxes (7220)*	71,088	65,096	7
Operating State and Local Income Taxes (7230)*	14,590	10,543	8
Operating Other Taxes (7240)*	87,169	69,789	9
Provision for Deferred Operating Income Taxes--Net (7250)*	(33,225)	(8,147)	10
TOTAL OPERATING TAXES (7200)*	139,622	137,281	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*	0	0	11
Interest Income (7320)*	50,435	31,379	12
Income from Sinking and Other Funds (7330)*	0	0	13
Allowance for Funds Used During Construction (7340)*	0	0	14
Gains or (Losses) from the Disposition of Certain Property (7350)*	0	1,874	15
Other Nonoperating Income (7360)*	212,318	162,264	16
Special Charges (7370)*	6,582	288	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	256,171	195,229	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*	0	0	18
Nonoperating Federal Income Taxes (7420)*	61,133	46,212	19
Nonoperating State and Local Income Taxes (7430)*	14,436	13,770	20
Nonoperating Other Taxes (7440)*	0	0	21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	0	0	22
TOTAL NONOPERATING TAXES (7400)*	75,569	59,982	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	137,058	105,912	23
Interest Expense--Capital Leases (7520)*	0	0	24
Amortization of Debt Issuance Expense (7530)*	0	0	25
Other Interest Deductions (7540)*	13,212	443	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	150,270	106,355	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*	0	0	27
Extraordinary Income Credits (7610)			28
Extraordinary Income Charges (7620)			29
Current Income Tax Effect of Extraordinary Items--Net (7630)			30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)			31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	1,741	767	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	1,741	1
Less: Cost of Goods Sold	0	2
Net Sales	1,741	3
Expenses (Acct. 7990.2)	0	4
Nonregulated Net Income	1,741	5

List the type of nonregulated activities that company is involved in:

The sale of Customer Premise Equipment. The majority of this activity has been switched over to Hagers wholly owned subsidiary Cannor Communications.

If the revenues from an individual nonregulated activity represent in excess of 5% of the total operating revenues for the company, please provide the amounts, as requested above, for that individual activity:

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	295,845	1
Nonregulated Expense		2
Plant Accounts	17,075	3
Accumulated Depreciation Accounts		4
All Other Accounts	70,599	5
Total Salaries and Wages	383,519	6

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers			0	1
Supervision and Other Management	2.00	2.00	92,133	2
Other Employees	7.50	8.50	291,386	3
Total	9.50	10.50	383,519	

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers			0	1
Supervision and Other Management	2.00	2.00	92,133	2
Other Employees	7.50	8.50	291,386	3
Total	9.50	10.50	383,519	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange			1
Extended Area Service			2
Extended Community Calling			3
Other Local-Undefined			4
Total Local	0	0	
TOLL			
Operator Handled: State--intraLATA		3	5
Operator Handled: State--interLATA		4	6
Operator Handled: Interstate	1	15	7
Customer Dialed: State--intraLATA	14	132	8
Customer Dialed: State--interLATA	9	132	9
Customer Dialed: Interstate	42	489	10
WATS			11
Other Toll-Undefined			12
Total Toll	66	775	
Total Local & Toll	66	775	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.	0	0	0	0	1
Feature Group A -- Term.	36	0	0	0	2
Feature Group B -- Orig.	1	0	0	0	3
Feature Group B -- Term.	0	0	0	0	4
Feature Group C -- Orig.	0	0	799	0	5
Feature Group C -- Term.	0	0	708	0	6
Feature Group D -- Orig.	2,688	383	134	0	7
Feature Group D -- Term.	3,334	1,448	0	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	0	1
Sheath miles of plant - buried	284	2
Sheath miles of plant - fiber optics	0	3
Strand miles of plant - fiber optics	0	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	2	6	1
56 kbps	4	3	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	3	1	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	0	1
Sheath miles of plant - buried	284	2
Sheath miles of plant - fiber optics	0	3
Strand miles of plant - fiber optics	0	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	2	6	1
56 kbps	4	3	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	3	1	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	178	184	3
2 Party	0	0	4
4 Party	0	0	5
PBX Trunks/System Trunks	14	14	6
Centrex Trunks	0	0	7
Centrex Lines	0	0	8
Key System Trunks	56	56	9
Mobile (Utility Provided Service)	7	0	10
Paging (Utility Provided Service)	0	0	11
FX-Out (Switched)	0	0	12
Pay Telephone	0	0	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Pay Stations - Public	0	0	16
- Semi-Public	8	6	17
- Cust. Owned	0	0	18
Other	0	0	19
Total Business Lines	263	260	20
Residential (Incl. Emp. Concess.)			
1 Party	1,613	1,638	22
2 Party	0	0	23
4 Party	0	0	24
FX-Out (Switched)	1	0	25
Other	0	0	26
Total Residential Lines	1,614	1,638	27
Total Bus & Res Lines	1,877	1,898	28
Company Used Lines	0	0	29
Total Lines Used	1,877	1,898	30

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	0	0	3
WATS Lines - 800 Service	1	1	4
FX-In-intraLATA	1	1	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	32	33	7
Special Access-interLATA			8
(expressed in equiv. access lines)	78	78	9
Feature Group A Lines	0	0	10
Feature Group B Trunks	0	0	11
Feature Group C Trunks	48	65	12
Feature Group D Trunks	24	24	13
TSPS - Trunks	6	6	14
EAS - Trunks	102	168	15
Cellular Trunks (Pub. Sw. Net.)	0	0	16
Video Distance Learning			17
- discounted (special tariff)	0	0	18
Customers			
Business - 2 Party Customers	0	0	20
Business - 4 Party Customers	0	0	21
Residential - 2 Party Customers	0	0	22
Residential - 4 Party Customers	0	0	23
Other			
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)	3,072,436	4,384,405	27
Total Company Square Miles	108	108	28
Total Company Route Miles	284	284	29
Footnotes			30

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0350	2210			1
Business					2
1 Party	56	128			3
2 Party	0	0			4
4 Party	0	0			5
PBX Trunks/System Trunks	0	14			6
Centrex Trunks	---CONF---	---CONF---			7
Centrex Lines	0	0			8
Key System Trunks	10	46			9
Mobile (utility provided service)	0	0			10
Paging (utility provided service)	0	0			11
FX-Out (Switched)	0	0			12
Pay Telephone	0	0			13
Coin-Operated Pay Telephone	0	0			14
Independent Pay Telephone Provider	0	0			15
Pay Stations - Public	0	0			16
- Semi-Public	1	5			17
- Cust. Owned	0	0			18
Other	0	0			19
Total Business Lines	67	193	0	0	20
Residential (Incl. Emp. Concess.)					21
1 Party	578	1,060			22
2 Party	0	0			23
4 Party	0	0			24
FX-Out (Switched)	0	0			25
Other	0	0			26
Total Residential Lines	578	1,060	0	0	27
Total Bus & Res Lines	645	1,253	0	0	28
Company Used Lines	0	0			29
Total Lines Used	645	1,253	0	0	30

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0350	2210			1
Miscellaneous					2
WATS Lines - OutWATS	0	0			3
WATS Lines - 800 Service	0	1			4
FX-In-intraLATA	0	1			5
Special Access-intraLATA					6
(equiv. access lines)	1	32			7
Special Access-interLATA					8
(equiv. access lines)	2	76			9
Feature Group A Lines	0	0			10
Feature Group B Trunks	0	0			11
Feature Group C Trunks	0	65			12
Feature Group D Trunks	0	24			13
TSPS - Trunks	0	6			14
EAS - Trunks	0	168			15
Cellular Trunks (Pub. Sw. Net.)	0	0			16
Video Distance Learning					17
- discounted (special tariff)	0	0			18
Customers					19
Business - 2 Party Customers	0	0			20
Business - 4 Party Customers	0	0			21
Residential - 2 Party Customers	0	0			22
Residential - 4 Party Customers	0	0			23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical					26
location of plant)	1,219,667	3,164,738			27
Exchange Square Miles	45	63			28
Exchange Route Miles	108	176			29
Footnotes					30

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

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Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	BAY CITY	HAGER CITY			1
PSCW Exchange ID	0350	2210			2
Central Office Name	BAY CITY	HAGER CITY			3
PSCW Central Office ID	1	1			4
Manufacturer of COE (Page 54)	SC	SC			5
Year COE Installed	1987	1987			6
Type of Equipment (Page 54)	D	D			7
(S)tandalone, (H)ost, (R)emote	R	H			8
Remote Host PSCW Exchange ID	2210				9
Remote Host PSCW Central Office ID	1	0			10
COE Generic Software Release No.	17	17			11
SS7?	No	No			12
9-1-1?	Yes	Yes			13
Access Lines - In Use	645	1,298			14
- Equipped	720	1,440			15
- Wired	720	1,440			16
Trunks - In Use	0	263			17
- Equipped	0	512			18
- Wired	0	512			19
ISDN Available?	No	No			20
ISDN Lines - In Use (BRI)	0	0			21
- In Use (PRI)	0	0			22
Switched 56 Service?	No	No			23
Switched 56 lines in use	0	0			24
Digital Transmission Facilities: DS-1 - In Use	0	0			25
DS-3 - In Use	0	0			26
Advanced Data Service Available:					
Packet Switching?	No	No			27
SMDS?	No	No			28
Frame Relay?	No	No			29
ATM (Asynchronous Trans. Mode)?	No	No			30
Video Information - Service Available?	No	No			31
- In Use (# lines) ¹	0	0			32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	0	12			33
No. of fiber strands working (LIT) in C.O.	0	3			34
No. of fiber strands for interoffice use	0	0			35
Miles of fiber sheath in wire center	0	0			36
Access Tandem Serving this C.O.:					
- C.O. Name					37
- PSCW C.O. ID					38
Does this C.O. do access tandem switching?	Yes	Yes			39
Equal Access: InterLATA (1+)?	Yes	Yes			40
Equal Access: IntraLATA (1+)?	No	No			41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**General Footnote**

Response received 11/18/99

Item 1: docket number for the affiliated interest with Cannon Communications Corp. should be 2420-AT-100 in place of "non-standard." Hager advance \$440,000 to its affiliated in 1998, which may be considered for line 14 on copy 1 of page 15, column (b). (wrote utility and indicated \$440,000 should not be reported on page 15, only the related interest income).

Item 2: payphone entries provided (and entered into 1997 report, Important Changes schedule).

Paystation lines will be corrected in 1999.

Items 3-7: noted.
ele

October 25, 1999

Mr. Michael J. Walsh, General Manager
Hager Telecom, Inc.
W8108 165th Avenue
Hager City, WI 54014-8000

Re: 1998 Analytical Review DWCCA-2420-ELE

Dear Mr. Walsh:

The Public Service Commission (PSC) is in the process of completing an analytical review of your utility's 1998 annual report. The purposes of an analytical review are to detect possible reporting or accounting related errors and to identify significant fluctuations from established trends in reported data not sufficiently explained in the annual report. It is our hope that our review will supply information that will enable us to better provide guidance to your utility regarding proper utility accounting and the preparation of future annual reports. In order to complete this review, we request the following information:

1. Affiliated interest activity with Cannon Communications Corporation (CANNON) in the amount of \$38,702 is reported on copy 1 of page 15. "Nonstandard" is reported as the applicable docket number. The Commissions Case Management System indicates that an application for approval or notification of an affiliated interest contract between the utility and CANNON was filed with the Commission and was docketed as 2420-AT-100. Please state if this docket number should be inserted in lieu of "Nonstandard." If not, please state the reason why.

In addition, a comparison of the 1998 and 1997 end-of-year balances in Account 1190, Other Accounts Receivable, reported on line 1 of copy 1 of page 16 indicates that this balance increased by approximately \$500,000 in 1998. However, the affiliated activity amount reported on copy 1 of page 15 is only \$38,702. Please state if any revisions to copy 1 of page 15 are warranted in recognition of the change in the affiliated portion of Account 1190.

2. During our review, we noted we could not locate a response to your 1997

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

analytical review letter dated September 23, 1998. Two matters remain relevant:

a) Please provide the journal entry(ies) recorded on the telcos books for this transaction concerning the deregulation of payphone assets, whether transferred below-the-line or to a separate affiliate, basis of valuation and how it compared to net book value, and the date of such journal entry(ies). If you did reply, please provide a copy of your response, and we apologize for any inconvenience.

b) Pay stations are reported on obsolete lines end of year 1997 on the Service Data and Service Data End of Year schedules, page 50 and 52. The line items: Pay Stations - Public/Semi-Public/Cust. Owned are obsolete. The information should be reported as line items: Pay Telephone, Coin Operated Pay Telephone or Independent Telephone Provider. This information was reported on obsolete lines again in 1998. Please provide the corrections to pages 50 and 52 for both the 1997 and 1998 annual report. Please note that this information was filed confidentially in both annual reports, and will need a confidentiality request form if you wish confidential treatment for any information contained in your response.

3. Staff review of page 47 reveals that information related to telephone calls and minutes of use per month are either partially provided or not provided at all. Further, no footnote is provided as to the reason(s) for not furnishing this information.

Your attention is drawn to the instructions for filing this data shown in the Commission staff e-mail dated November 19, 1998, concerning the 1998 report a

Schedule Footnotes

Annual Telecommunications Report Glossary of Terms Footnote. Page 5

Identification and Ownership Footnote. Page 7

Affiliated Interest Transactions Footnote. Page 15

Per utility review response dated 11/6/99:

2420-AT-100 should be used in place of non-standard. Hager advanced \$440,000 to its affiliate in 1998, line 14, copy 1 of page 15, column (b).
ele

Schedule Line Footnotes

- 1) The adjustment was made to record CPR adjustments.
- 2) In 1998 there was less work done on their computer system, which caused less labor to be distributed to this account group, therefore decreasing the expense.
- 3) Increase in this grouping is due to a CPR entry made during 1998.
- 4) Increase due to an employee search that Hager performed causing more labor to be distributed to this expense grouping.
- 5) Items that were written off during 1997 were collected during 1998 causing Uncollectibles to have a revenue balance.